



United States
Department of
Agriculture

March 2001

2000 Annual Program Performance Report

FOREIGN AGRICULTURAL SERVICE



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FOREIGN AGRICULTURAL SERVICE

FY 2000 ANNUAL PROGRAM PERFORMANCE REPORT TO CONGRESS

Mission: FAS serves U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security.

This FY 2000 Annual Performance Report (APR) is based upon and in alignment with the FY 2000 Revised Annual Performance Plan (APP).

FAS administers the following programs and activities:

- Market Access Barrier Reduction
- Foreign Import Regulations Service
- Foreign Market Development Program (FMD)
- Export Credit Guarantee Programs (GSM)
 - GSM-103/103 Programs
 - Supplier Credit Guarantee Program
 - Facilities Financing Guarantee Program
- Cochran Fellowship Program
- Professional Development Program
- P.L. 480 Title I Food Assistance Program
- Food for Progress Program
- Export Sales Reporting Program
- Refined Sugar Re-Export Program
- Production of Polyhydric Alcohol Sugar Program
- WTO Notification Alerts
- Market Access Program (MAP)
- Market Intelligence Services
- Dairy Export Incentive Program (DEIP)
- Export Enhancement Program (EEP)
- Research and Scientific Exchanges
- Trade and Investment Program
- Section 416(b) Foreign Donations
- Emerging Markets Program
- Sugar-Containing Products Re-Export Program
- U.S. Dairy Import Program
- Ag Export Connections
- Trade Assistance and Promotion Office

Additional information about FAS is contained in the published Strategic and Annual Performance Plans and like those plans, this report was produced solely by FAS employees.

The following table is a performance summary depicting performance goal achievements that are linked to the Agency's goals and objectives:

FOREIGN AGRICULTURAL SERVICE PERFORMANCE SUMMARY				
Strategic Goal/ Management Initiative	FY 2000 Performance Goals	Performance		
		FY 1999 Actual	FY 2000 Target	FY 2000 Actual
Goal 1: Expand export opportunities for U.S. agricultural, fish, and forest products. FAS' standard of success is set at reaching 22 percent of the international agricultural export market by the year 2010. FY 2000 Target: n/a Actual: 18.2% (preliminary- first year baseline number)	Estimated trade opportunities preserved annually by assuring implementation of existing trade agreements by signatory countries through the WTO notification process (\$Mil.)	\$1995	\$2,000	\$837.43
	Estimated trade opportunities preserved annually through development of trade-appropriate guidelines, recommendations, and standards in international organizations (\$Mil.)	\$5000	\$5,000	\$313
	Gross trade value of markets created, expanded or retained annually due to market access activities (other than WTO notifications and/or standards) (\$Mil.)	\$2,567	\$2,000	\$4,349.2
	Percent of successfully defended NAFTA/WTO legal challenges of U.S. compliance with regional and multilateral agricultural trade commitments	100%	100%	0%
	Percent completion of regional and multilateral trade rules to minimize/eliminate trade-distorting practices			
	* WTO (% of Seattle Round negotiation completed)	10%	25%	25%
	* APEC (% of EVSL negotiation completed)	50%	60%	65%
	* FTAA (% of negotiation completed)	2%	10%	10%
	Level of agricultural, fish and forestry exports resulting from Unified Export Strategy (UES) program participants market development activities (MAP & FMD)	---	---	---
	Number of FAS program participants that improve their strategic planning process	33	14	26
	Cumulative number of organizations that have coordinated at least one activity with another participant in the UES process	38	44	48
	Average ratio of industry contribution to program funds expended	77%	80%	96%
	Number of foreign market constraints (other than trade policy) addressed annually through UES	1,510	1,510	1,565
	Number of small businesses budgeted for MAP activities (individually through the Branded program and within Cooperator organizations)	558	558	507(p)
	Direct sales reported by U.S. participants at international trade shows (\$Mil)	\$314.9	\$250	\$367.3
	Direct sales reported by U.S. participants based on marketing services of AgExport Connections (trade leads, Buyer Alerts, importer lists) (\$Mil)	\$110.3	\$100	\$61.5
	Direct sales reported by U.S. participants at attache-sponsored events (AMP activities) (\$Mil)	\$18	\$10	\$12.52
	Percent of external customers who rate FAS market intelligence as important or essential to their businesses; and Percent of internal stakeholders who rate FAS market intelligence as important or essential to their work	---	---	---
	Percent of FAS circulars that are complete, meet scheduled release dates, and contain no data errors	98.3%	95%	100%
	Number of average daily user sessions accessing FAS home page over the internet by non-FAS users	2,979	3,500	4,600
	Forecasting reliability of WASDE projections (Avg percent reliable: difference between February projection and final estimates for wheat, corn, rice, soybeans, and cotton)			
	World exports	95.62%	95.95%	96.21%
	U.S. exports	95.96%	93.90%	95.69%
	Foreign (non-U.S.) production	98.36%	95.00%	98.98%

FOREIGN AGRICULTURAL SERVICE PERFORMANCE SUMMARY				
Strategic Goal/ Management Initiative	FY 2000 Performance Goals	Performance		
		FY 1999 Actual	FY 2000 Target	FY 2000 Actual
	Number of countries assessed in FY 1999 for Y2K readiness in the international food supply sector and monitored in FY 2000	81	75	160
	U.S. agricultural exports supported by GSM export programs (GSM-102/103, Supplier Credit, and Facilities Financing Guarantee programs) (\$Mil. registered)	\$3,045	\$3,787	\$3,082
	U.S. agricultural exports supported by Subsidy Programs (EEP and DEIP) (\$Mil.)	\$340	\$250	\$261
	Annual number of GSM programs analyzed for market opportunities and risk	56	54	56
	Assuring Commercial Program Integrity: Percent of identified administrative actions resolved (e.g., for nonperformance, suspensions and disbarments, etc.).	92.4%	77%	73%
Goal 2: Promote world food security. Success is measured by the level of achievement towards the World Food Summit target of reducing the 1996 estimate of 841 million undernourished people by half (420 million) by 2015. FY 2000 Target: 20 mil Actual: 8 mil (FAO estimate)	Reduce food insecurity in 10 index countries by an average of 50% by 2015. (Index countries have been selected from the list of the 66 countries as estimated in the USDA Economic Research Service "Food Security Assessment Report".)	---	---	---
	Direct resources in support of agricultural related issues within the 7 priority strategies in the <u>U.S. Action Plan on Food Security</u> (\$Mil.)	\$39.9	\$46.0	\$53.8
	Contributions (in kind and direct financial by non federal government sources) to total funds expended upon the 7 priority strategies in the <u>U.S. Action Plan on Food Security</u>	8.6%	9.0%	9.6%
	Number of research, training, and technical assistance activities that promote sustainable agricultural development worldwide and agribusiness and trade facilitation (e.g., nutrition, food aid coordination, SPS, food safety, and biotechnology) in emerging markets	789	823	967
	Number of agricultural development and environment agreements negotiated, implemented or monitored.	7	7	6
	Number of U.S. citizens assisted in obtaining senior management positions in international organizations representing agricultural interests	11	10	8
	U.S. agricultural exports supporting world food security:			
	o P.L. 480, Title I (\$Mil.)	\$656.2	\$227.9	\$302.1
	o CCC-funded Food for Progress (\$Mil.)	\$71.9	\$100.7	\$68.5
	o Section 416(b) (\$Mil.)	\$793.6	\$139.7	\$501.5
	Number of food aid agreements signed (Title I, Food for Progress, Section 416(b))	123	90	91
	Percent of P.L. 480 Title I and Food for Progress program allocated to support expanded private sector activities in recipient countries	15%	13%	20%
	Number of Food for Progress and Section 416(b) agreements monitored and evaluated	159	189	250
MI 1: Provide fair and equal treatment in agency employment and the delivery of FAS programs	Implement Civil Rights Implementation Team (CRIT) recommendations:	---	---	---
	Administer Civil Rights Program Delivery Plan focused on increasing the involvement of minority organizations and universities.	60%	75%	75%
	Implement Conflict Management Policy and Procedures and train all managers (CRIT 3.3)	50%	100%	87%
	Develop Agency Workforce Plans and implement Human Resources Evaluation Program, Worklife Survey, and Exit Interviews (CRIT 3.5)	60%	80%	100%

FOREIGN AGRICULTURAL SERVICE PERFORMANCE SUMMARY				
Strategic Goal/ Management Initiative	FY 2000 Performance Goals	Performance		
		FY 1999 Actual	FY 2000 Target	FY 2000 Actual
	Implement Competency-based Management Training and complete Peer Surveys (CRIT 3.6)	0%	50%	0%
	Provide Civil Rights Training to all employees (CRIT 4.1)	95%	100%	10%
	Percent of managers who have had 80 or more hours of management/leadership training (FAS Goal is that 90% of its managers will have had 80 or more hours of Management/Leadership training by 2007).	29.6%	40%	40.7%

Goal 1: Expand export opportunities for U.S. agricultural, fish, and forest products. FAS' standard of success is set at reaching 22 percent of the international agricultural export market by the year 2010.

2000 Data: The quality and reliability of the U.S. percentage share of international agricultural trade is generally reliable. Data is based on established trade data systems. FAS uses a consistent approach to calculate this measure and adjusts the results periodically as more current information is added to the trade systems.

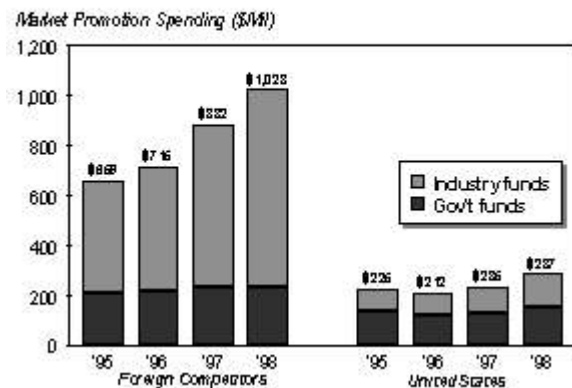
Analysis of Results: Expanding market opportunities for U.S. agriculture is central to USDA's goal of improving the economic livelihood of farmers, ranchers, and processors. Given that 96% of American agriculture's potential customers reside outside the Nation's borders, international trade presents an immense opportunity to strengthen the U.S. farm economy. Yet, in recent years, global agricultural markets have grown far more competitive. The U.S. share of foreign agriculture imports has dropped from 24 percent to 18 percent since 1980 -- while at the same time foreign import demand, due in part to trade liberalization, has doubled. The value of U.S. exports lost due to a 6 percent decline in market share is worth nearly \$15 billion per year. As our market share declined over the past 20 years, between 1981 and 2000, the commutative loss to the U.S. economy in agricultural exports has reached at least \$135 billion to the U.S. economy and some \$34 billion in direct farm income.

It is not enough to simply open market

U.S. Share of World Agricultural Trade



Competitors' vs U.S. Investment in Market Promotion Support



opportunities. U.S. agricultural producers and processors should actually capture a competitive share of the opportunities made available. Results-oriented foreign governments and their agricultural industry have almost doubled their market development funding over the past 5 years -- reflecting the trend in

world-wide trade liberalization, while the commitment from the U.S. government and U.S. companies have remained essentially flat-lined. Best estimates from 1998 have foreign competitors investing approximately \$700 million more in market development activities than the U.S. The obvious result is that these competitors are eating away at U.S. agriculture's market share and making clear the need for increased commitment to market development. Trade liberalization opens potential export markets but U.S. agriculture must be aware of, ready, and able to seize, the opportunities through more USDA domestic outreach and assisting U.S. agriculture in seizing market opportunities.

Objective 1.1: Open, maintain, and expand foreign market access for U.S. agricultural, fish, and forest products.

Key Performance Goals

Estimated trade opportunities preserved annually by assuring implementation of existing trade agreements by signatory countries through the WTO notification process (\$Mil.)

Target: \$2,000.0

Actual: \$837.43

Estimated trade opportunities preserved annually through development of trade-appropriate guidelines, recommendations, and standards in international organizations (\$Mil.)

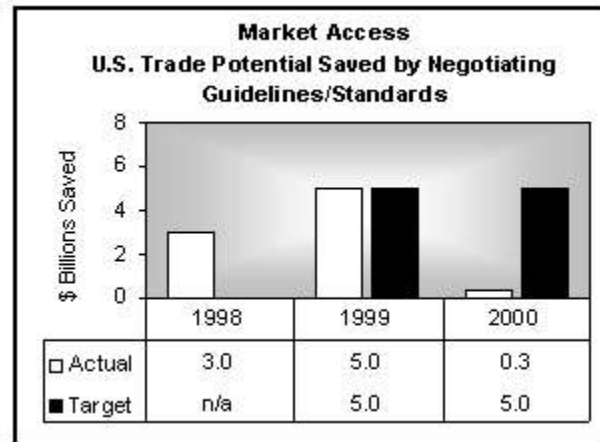
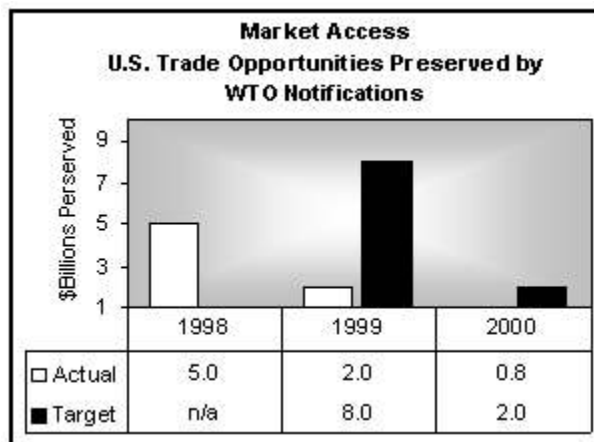
Target: \$5,000.0

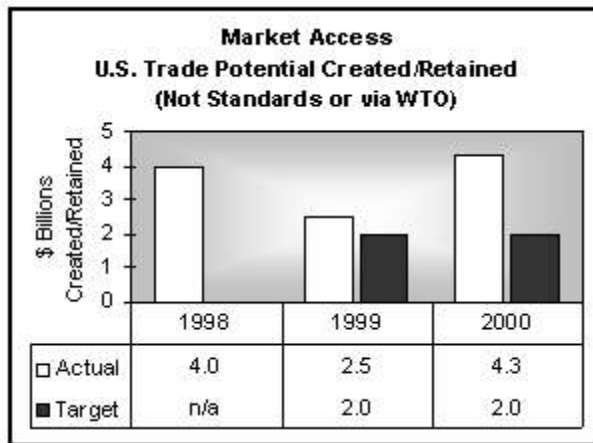
Actual: \$ 313.0

Gross trade value of markets created, expanded or retained annually due to market access activities (other than WTO notifications and/or standards) (\$Mil.)

Target: \$2,000.0

Actual: \$4,349.19





2000 Data: Data for these measures are reliable. FAS' International Trade Policy (ITP) Program Area used past trade figures for trade retention reports. In some cases, information on the actual values of shipments obtained directly from U.S. exporters was used. For tracking tariff rate quotas (TRQ's), values of current trade were applied. It is understood that the measured performance data reflecting potential export markets are by nature "not guaranteed" and may be arguable among economists. Nevertheless they are very significant and will be estimated as they occur using a systematic approach designed to avoid overstatement.

Analysis of Results: Looking at all three key performance goals for market access, FAS reached 61% of its \$9.0 billion combined performance target. FAS established these targets based upon recent trends and projected workload. However, in order for FAS to reach those targets, other countries have to submit their notifications to the World Trade Organization (WTO) stating their intent to change their regulations. Additionally, countries need to participate in and conclude negotiations on trade guidelines and standards. Many of these negotiations were not concluded in FY 2000 and will have a spill-over effect on FY 2001 results. Additionally, many countries limited their involvement in these standard setting bodies and in the submission of notifications since their workload had increased as they prepared for the next round of WTO negotiations. It is unlikely that U.S. agriculture was significantly harmed by these delays since the majority of these issues attempt to limit access to exporting to specific countries. In other words, postponing the implementation of some of these notifications and standards helps keep U.S. products flowing into these countries.

FAS can report only \$837 million in preserved U.S. trade opportunities, compared to its \$2 billion performance target, through its activities related to the WTO Notifications Process. The fact that FAS missed its target so widely is due to two important factors to our success in this international arena. First, not within the control of FAS is the number of WTO notifications by members to change import policies and the potential impact on U.S. access to a market for each notification can vary substantially from year to year. Secondly, every year, as the number WTO members and trade issues have risen, WTO notifications have increased as well. Between June 1999 and March 2000, some 600 notifications were submitted by WTO members.

Ideally, the U.S. ought to evaluate each notification for any negative effect on U.S. trade or export opportunities, and attempt to preserve open markets for the U.S. This is not possible with the limited resources available to FAS at this time. FAS follows a process designed to filter out the notifications with the largest potential impacts on the U.S., and address as many as possible. Out of 600 notifications, FAS resources in FY 2000 allowed only the top 73 notifications to be evaluated for trade impact value to the U.S. and to engage the foreign country with official Letters of Concern, requests to abate the intended trade policy change, and in some cases initiate negotiations. This is a labor intensive activity as even a Letter of Concern requires a working knowledge of the country's underlying concerns and outward technical issues.

It is unclear how many of the 73 addressed notifications were fully or partially successful. However, FAS was able to verify retained trade access equal to \$837 million. Additional successes, and trade value to the U.S. are likely to have occurred but verification requires follow up and investigating each notification. FAS's limited resources were balanced between addressing trade barriers and verifying success.

FAS can report only \$313 million of its \$5 billion performance target of preserving U.S. export opportunities through the development of trade guidelines, recommendations, and standards within

international organizations due to the high degree of variability and unpredictable timing of specific new policies being notified for review in the WTO and other standard setting bodies.

FAS did not meet its performance target of 100 percent success rate for defending the U.S. in legal compliance challenges under NAFTA and WTO. This is explained by the fact that the United States lost the one WTO dispute settlement case affecting agricultural commitments which was concluded during FY2000. This was the case on Foreign Sales Corporations. However, FAS helped ensure that the part of the ruling which pertained to the Agreement on Agriculture was corrected on appeal so as to reaffirm our interpretation of the export subsidy provisions of that agreement.

On the broader market access front, negotiations continue to liberalize international agricultural trade and expand U.S. agriculture's access to overseas markets. USDA is working closely with the U.S. Trade Representative's office to achieve trade reforms that ensure fairness and improve access to global markets for U.S. farmers and ranchers. In June 2000, the United States tabled an aggressive and comprehensive proposal, establishing a framework for the new agriculture negotiations. This proposal called for substantial reductions in tariffs, the elimination of export subsidies, and the simplification and reduction in disparities in domestic support. It also included provisions addressing special treatment for developing countries, food security, and sectoral initiatives. In tabling its comprehensive proposal, the United States took an important step towards setting the agenda for these negotiations in a way that will enable us to achieve a more open, stable, and prosperous world agricultural trading system, one which offers more opportunity to farm families in America; fairness for farmers in the developing world; and better prices and choice for consumers everywhere. Negotiations also are continuing to establish a Free Trade Area of the Americas by 2005. Among other things, the agricultural objectives for these negotiations include the elimination of export subsidies that affect trade in the Western Hemisphere.

To be successful in these multilateral negotiations, FAS initiated in FY 2000 a sustained effort to engage the developing world in the development and implementation of appropriate trading rules and guidelines. The challenge is to explore intensively all opportunities — bilateral, regional, and multilateral — to forge consensus with this group of countries on issues of common interest. This undertaking will be very labor- and time-intensive, but worth the investment if we desire to move the U.S. global trade liberalization strategy forward. The importance of this alliance cannot be underestimated because these countries represent our future growth markets. Moreover, if trade liberalization is to occur in multinational bodies such as the World Trade Organization (WTO), the views and issues of concern to developing countries, which make up the vast majority of the membership, can no longer be ignored. Another initiative begun in FY 2000 addressed the closely related challenge of the growing cacophony over food safety and biotechnology issues (e.g., Starlink). It is imperative that we find a way to better coordinate these issues both within our own borders, and with our trading partners. We simply cannot meet the food security challenge of feeding a burgeoning worldwide population without biotechnology. Education and outreach to key customers, partners, and stakeholders will be critical to successfully managing the growing number of bilateral, regional, and multilateral food safety and biotechnology issues.

Description of Actions and Schedules: As stated above, many of the negotiations that should have been concluded in FY 2000 were not. There are numerous external factors for why negotiations are not concluded as planned. Given that the United States is but one country at the table, FAS does not have the authority to ensure that negotiations are concluded as planned. Also as stated above, many of the negotiations that were planned to conclude in FY 2000 were concluded in the first quarter FY 2001 and the results will be reflected in the FY 2001 APR.

Current Fiscal Year Performance: Given current fiscal year's budget, staff resources, and ever increasing workload demands, FAS is fairly optimistic in reaching its FY 2001.

Program Evaluations: No formal evaluations were completed in FY 2000.

Objective 1.2: In cooperation with private industry partners, identify and develop new export opportunities and assist the U.S. agricultural sector in responding effectively.

Key Performance Goal

Level of agricultural, fish and forestry exports resulting from Unified Export Strategy (UES) program participant's market development activities (MAP & FMD):

Number of FAS program participants that improved their strategic planning process

Target: 14

Actual: 26

Cumulative number of organizations that have coordinated at least one activity with another participant in the UES process

Target: 44

Actual: 48

Average ratio of industry contribution to program funds expended

Target: 80%

Actual: 96%

Number of foreign market constraints (other than trade policy) addressed annually through UES

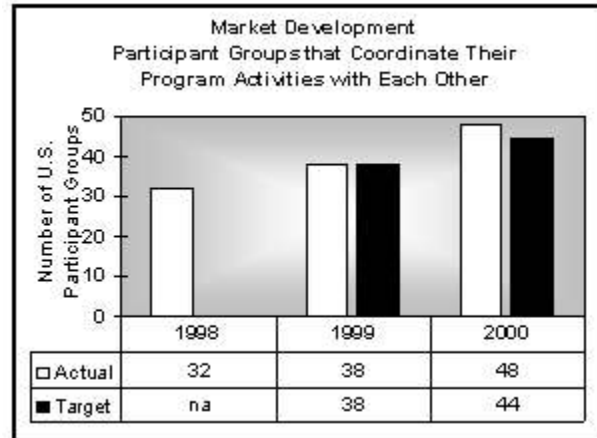
Target: 1,510

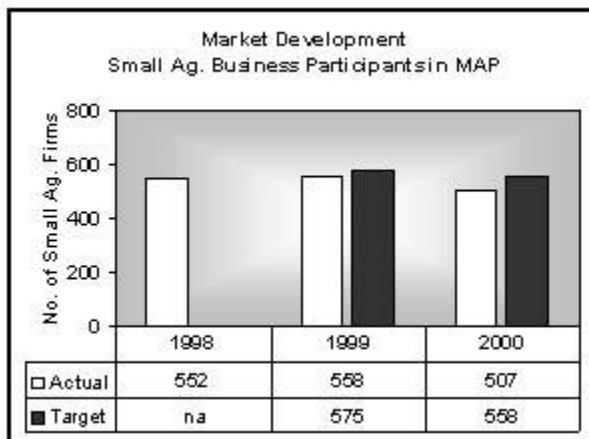
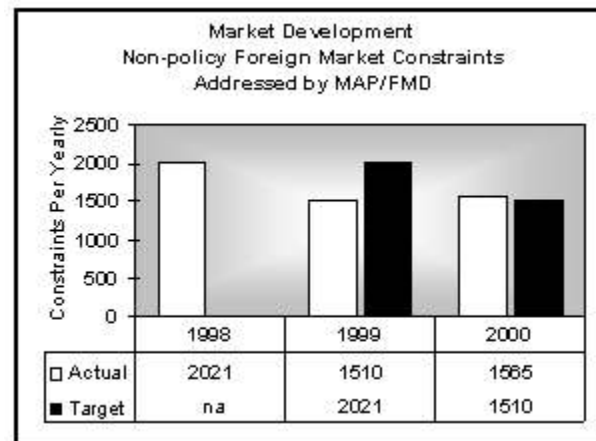
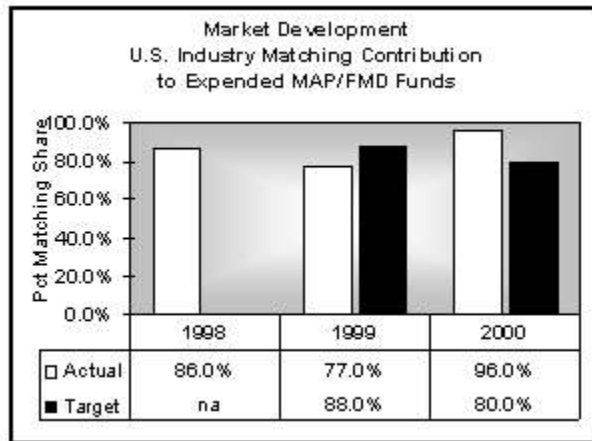
Actual: 1,565

Number of small businesses budgeted for MAP activities (individually through the Branded program and within Cooperator organizations)

Target: 575

Actual: 507 (p)





2000 Data: The quality and reliability of these performance indicators is generally high. Four of the five measures' data is captured in and reported by the computer system that manages the MAP and FMD programs. This data is submitted by the program participants in their annual program applications. Concerning the measure on improved strategic planning by program participants, this measure is based upon the subjective assessment of the individual managers who oversee the different participants compared against previous years' submissions. FAS has implemented an intensive training program for both the industry partners and for our staff to continually improve the quality of these strategic marketing plans.

Analysis of Results: It is difficult and expensive to measure the impact of export promotion expenditures on actual exports given the complex nature of MAP and FMD promotional programs and the wide range of activities, products and markets involved. Many econometric studies have established a range in the level of impacts from 3 to 14 times the level of promotional funding. However, since it is so difficult to explicitly link promotional expenditures to specific exports, FAS has spent significant time and effort trying to help its strategic partners (i.e., program participants) to develop and implement better strategic marketing plans so that they can be more effective in competing in the global market place. In this regard, FAS believes that it did meet the essence of this performance goal. While some of the indicator targets were not specifically met, they do not significantly alter this assessment.

A major focus of FAS is to assist U.S. cooperators in identifying export constraints to their products in markets around the world and to develop strategies to eliminate or reduce those barriers. Given tight budget constraints, FAS continues to emphasize to program participants the benefits of working together in certain foreign markets and conduct joint product promotions to achieve economies of scale. FAS leverages taxpayer funds by requiring the program participants to match a portion of their own money on these promotions. Lastly, FAS' efforts throughout the U.S. of assisting small companies to expand their export business is continuing to show results. High value products remain the fastest growing segment of world agriculture trade. Many small and disadvantaged producers do not have the economy of scale to compete effectively in exporting bulk products. FAS has been working towards identifying small and disadvantaged companies which produce and market high-value products and introduce them to the

opportunities of the global market place. The MAP "Branded" program is a primary vehicle for providing assistance to these firms to help them gain experience and achieve sales.

FAS fell slightly short of its annual performance target for assisting 558 small businesses through the MAP "Branded" program. As of the end of FY 2000, preliminary data showed a 91 percent success rate (507 assisted). FAS expects final revised data, available by March 2001, to illustrate a near 100 percent success rate. Data is revised based on participant reporting and their accounting for program participation and expenditures.

Current Fiscal Year Performance: Based upon initial program performance in FY 2000, FAS is on track to meet its FY 2001 targets.

Program Evaluations: No Program evaluations were conducted on these activities by outside entities other than the program participants in FY 2000.

Objective 1.2: In cooperation with private industry partners, identify and develop new export opportunities and assist the U.S. agricultural sector in responding effectively.

Key Performance Goals

Direct Sales reported by U.S. participants at international trades shows (\$Mil):

Target: \$250.0

Actual: \$367.5

Direct Sales reported by U.S. participants based on marketing services of AgExport Connections (\$Mil):

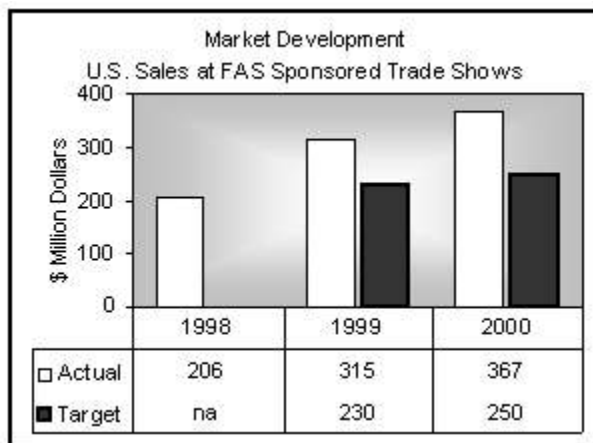
Target: \$100.0

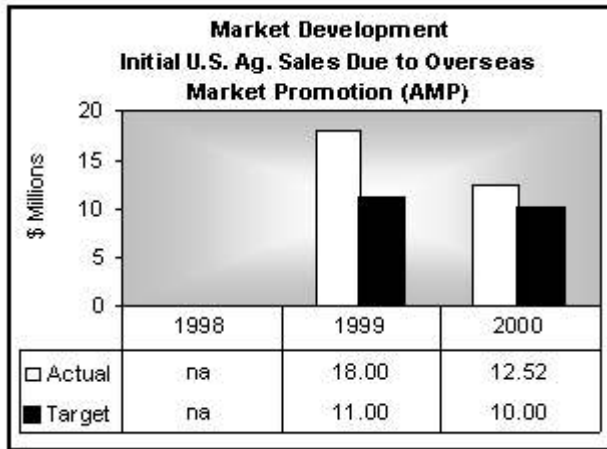
Actual: \$ 61.5

Direct Sales reported by U.S. participants at attache-sponsored events (AMP activities) (\$Mil):

Target: \$10.0

Actual: \$12.52





2000 Data: The quality and reliability of these performance goals are generally high. This data has been collected for years, so the collection processes and systems are highly reliable. However, the data that supports these measures comes directly from the companies benefitting from the specific activities. It is outside FAS' authority and prohibitively costly to validate the actual exports reported.

Analysis of Results: FAS worked hard to put U.S. companies face-to-face with foreign buyers. FAS encouraged U.S. firms to attend international trade shows so that they can market their products directly to foreign buyers. In FY 2000, trade show activities generated \$367 million in reported export sales which translates into a return on investment

of nearly \$180 per \$1 of FAS expenditures on trade show activities. Additionally, FAS provided direct marketing support to U.S. companies through the activities of our overseas employees by doing market assessments; introducing U.S. firms to foreign buyers either in-country or through automated buyer-alerts; and by providing U.S. firms with importer lists.

FAS is not able to report 100 percent success in meeting its FY 2000 results-based performance target of \$100 million in private sector U.S. export sales as a result of information obtained in FAS distributed foreign country Trade Leads (\$20.9 million in sales) and Buyer Alerts (\$40.6 million in sales). Only \$61.5 million could be verified. Due to a reduction in funding for these activities and other market access priorities, many overseas FAS offices could not completely collect data on actual U.S. sales. Therefore, U.S. sales were likely higher than reported in this document. No U.S. sales data could be collected for the FAS generated U.S. Suppliers List provided to foreign buyers. However, it seems logical to expect U.S. sales to be significant, relative to the cost of gathering and distributing the U.S. Supplier List, as a result of foreign buyers contacting U.S. firms directly. Also, this key performance measure is currently experiencing a change in U.S. outreach approach and performance verification as it moves to the INTERNET for distribution. While more U.S. firms and producers are obtaining trade lead and foreign buyer information via the INTERNET, no methodology is set up to address the anonymity of the INTERNET versus how and who to survey users regarding customer satisfaction and U.S. export sales.

Current Fiscal Year Performance: FAS appears to be on target for reaching the FY 2001 targets. FAS reduced the target for AgExport Connections to reflect the role of the INTERNET providing buyers and sellers additional avenues to information. Additionally, FAS has reduced its target for trade shows since USDA is shifting its support to assist U.S. firms attending shows in emerging, higher-risk growth markets. Exporters will continue to attend established shows in the mature markets but need assistance in the emerging markets to offset the initial costs and risks in capturing new markets. Exports are expected to result from both, but USDA will only track exports resulting from sponsored shows in the aforementioned performance indicator.

Program Evaluations: No Program evaluations were conducted on these activities.

Objective 1.3: Provide world market agricultural intelligence services to support the accomplishment of other FAS strategic objectives and to meet the market intelligence needs of internal and external users.

Key Performance Goals

Percent of external customers who rate FAS market intelligence as important or essential to their businesses:

Percent of internal stakeholders who rate FAS market intelligence as important or essential to their work:

Percent of FAS circulars that are complete, meet scheduled release dates, and contain no data errors:

Target: 95.0%

Actual: 100.0%

Number of average daily user sessions accessing FAS home page over the internet by non-FAS users:

Target: 3,500

Actual: 4,600

Forecasting reliability of WASDE projections (Avg. percent reliable: difference between February projection and final estimates for wheat, corn, rice, soybeans, and cotton)

Target: World Exports 95.95%

Actual: World Exports 96.21%

Target: U.S. Exports 93.90%

Actual: U.S. Exports 95.69%

Target: Foreign Production 95.00%

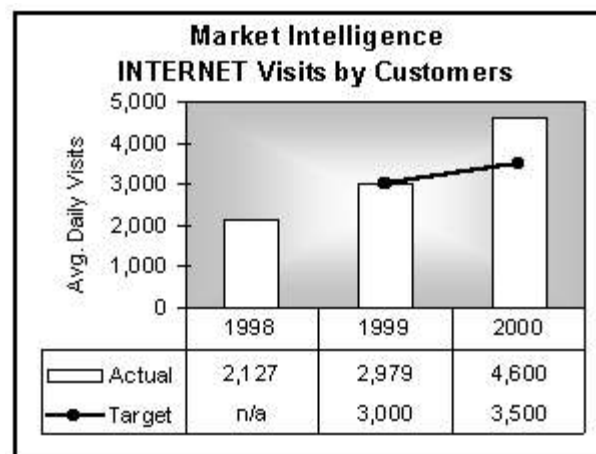
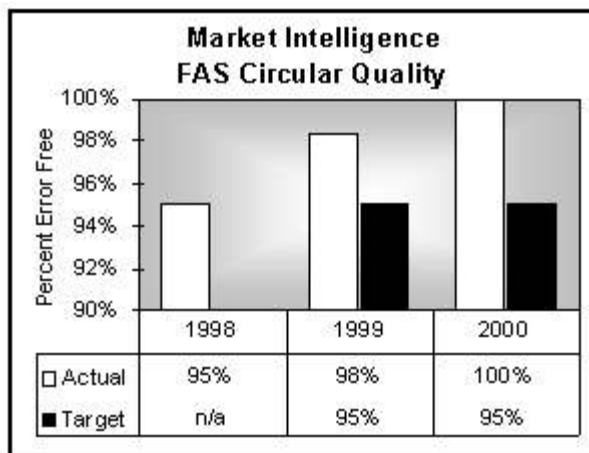
Actual: Foreign Production 98.98%

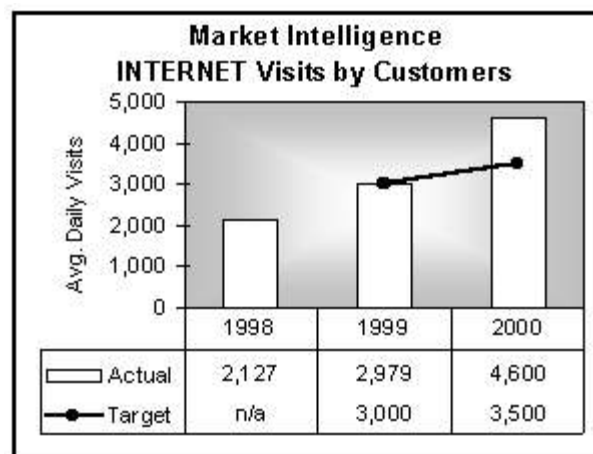
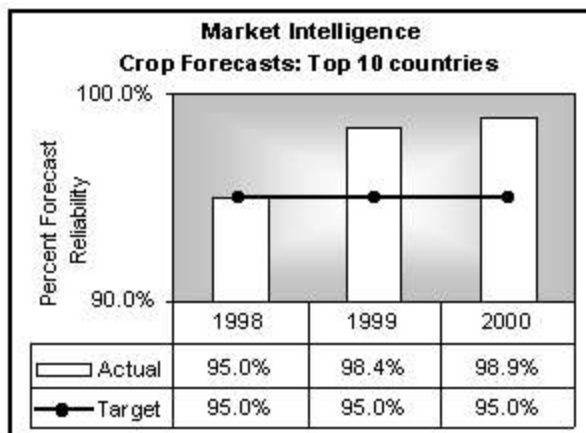
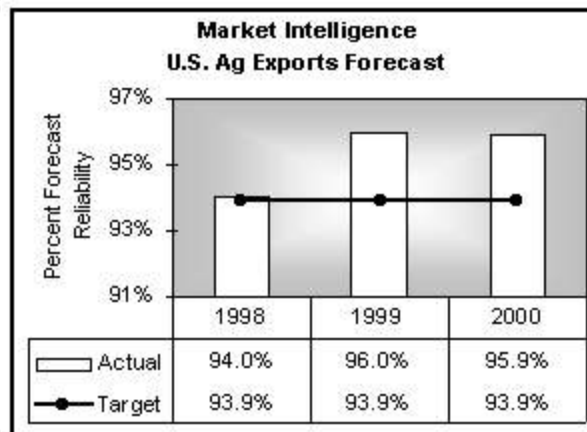
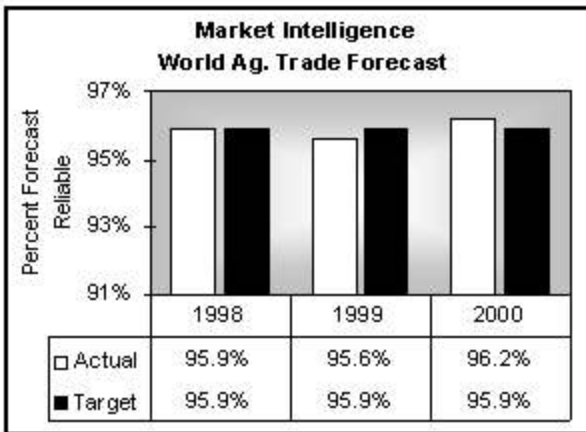
[Note: All measures converted to a 100% scale]

Number of countries assessed in FY 1999 for Y2K readiness in the international food supply sector:

Target: 75

Actual: 160





2000 Data: The data are considered reliable. Performance measures for this objective are readily measured and verified. Circular release dates are set by the World Situation and Outlook Board and tracked by the FAS Information Division. Circular errors not caught before release are reported through continued review internally. Internet usage is recorded electronically. Forecast reliability is readily verified by comparing the difference between February projections and final estimates reported in July.

Analysis of Results: FAS successfully accomplished its performance targets under this objective. These performance measures illustrate how foreign trade and agricultural intelligence activities support FAS's goals of increasing U.S. exports and improving world food security. The basis for program planning relies on reliable and timely intelligence and analyses regarding crop harvest forecasts, demand and trade expectations, competitor activities to capture export opportunities, and foreign policy outlooks. These are necessary and fundamental elements to fully and effectively utilize the program activities FAS has to accomplish the mission.

FAS was also successful in distributing this information to those who need it. The rapid growth over the last year in the number of non-governmental daily user sessions on FAS's Internet site reflects the rising interest in FAS market intelligence. Visits to our web site has increased from 1,950 per day in FY 1998 to 4,600 in FY 2000. Such expanded interest in the FAS Internet is a positive trend for FAS' performance in seeking to provide market intelligence to external users.

Our preparedness for Y2K under the Food Supply Working Group of the President's Council on the Year 2000 Conversion, was fully met. FAS Field Offices submitted assessments of the USDA overseas offices and the food supply sectors in 81 countries by October 1 of FY 1999, and the remaining 75 field offices were completed by December (the first quarter of FY 2000). Please note that this performance measure will be discontinued and not appear in future annual performance plans.

Current Fiscal Year Performance: FAS is on track to meet its performance targets for market intelligence established for FY 2001. A survey is being developed for distribution in FY 2001 which should provide a measurement of the importance of FAS market intelligence to users. FAS is aware that satellite imagery, crop evaluation, and foreign trade intelligence is in demand more than ever and scientists predict an upward trend in natural disasters and crop difficulties for the next decade.

Program Evaluations: No program evaluations were conducted during FY 2000.

Objective 1.4: Focus financial and marketing assistance programs to meet foreign market development needs.

Key Performance Goals

U.S. agricultural exports supported by GSM export programs (GSM-102/103, Supplier Credit, Facility Credit) (\$Mil. registered)

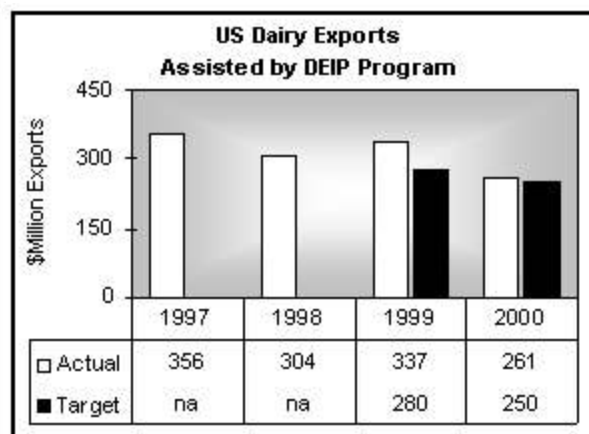
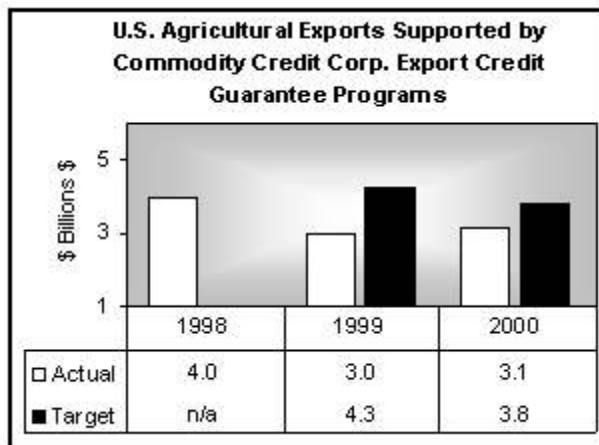
Target: \$3,787.0

Actual: \$3,081.6

U.S. agricultural exports supported by Subsidy Programs (EEP and DEIP) (\$Mil.)

Target: \$250.0

Actual: \$261.0



2000 Data: The export credit program data is based on actual CCC export credit guarantee program registrations in comparison with Departmental statistics for total U.S. agricultural exports. The data is final and complete. Program registration data predicts actual exports that occur under the programs with 95% accuracy. Actual export figures under the program are unavailable until the February following the fiscal year close.

FAS did not meet the performance indicator target for the U.S. export value of \$3.78 billion assisted under the export credit guarantee programs, reaching only \$3.08 billion, or 81 percent of the target. Usage of

these programs depend heavily on external factors such as borrowing conditions in the international financial markets and price competitiveness of U.S. commodities. Registrations fell about \$700 million short of reaching the goal under the guarantee programs. Lower-than-expected GSM-102 registrations in Mexico and Asia accounted for about 70 percent of the shortfall. International markets were receptive to borrowing by Mexico and Asia, which reduced the interest rate savings under the GSM-102 program. Banks in these countries had commercial lines of credit that offered attractive interest rates. The majority of U.S. agricultural commodity prices were low during FY 2000, which also reduced the dollar amount of GSM registrations versus the target set in the annual performance plan. FAS made available programs throughout other regions of the world, but strong price competition and un-creditworthy banks in several potential markets (e.g. China and Russia) precluded registrations. FAS continues to develop marketing strategies for the programs to build awareness. FAS staff is participating in many outreach activities associated with regional trade groups, trade missions, and exporter groups to promote the program. The FAS web site and brochures offer easy access to the commercial trade to learn about the programs.

Current Fiscal Year Performance:

Total registrations in fiscal year 2001 for the guarantee programs were \$220 million less than registrations during fiscal year 2000 through the middle of December. Registrations under the GSM-102 program were substantially below the fiscal year 2000 level. The Supplier Credit Guarantee program continued to grow rapidly as registrations were more than double the level of comparable registrations in fiscal year 2000. FAS continues to promote all of the guarantee programs and is seeking to enter markets that involve more risk while remaining within the risk limitations of the programs.

Program Evaluations:

The Office of the Inspector General (OIG) reviews the export credit guarantee programs as a part of their annual CCC financial audit. No major issues were identified in this year's financial audit. No other audits or investigations were scheduled by either OIG or the General Accounting office on the CCC credit guarantee programs in FY 2000.

Program operations and fiscal accounting procedures have been self-evaluated in development and implementation of a new program database. The first module of the GSM 2000 System database debuted in FY 2000 to assist staff in preparing program announcements. Additional modules are anticipated in FY 2001 to improve program operations and accountability. One critical outcome of the GSM 2000 systems will be the capability to develop an e-commerce link for program applications and making the current status of bank limits accessible to foreign banks. Being able to process electronic applications for credit guarantees has the potential to better utilize limited staff resources for other duties and responsibilities.

Goal 2: Promote world food security. Success is measured by the level of achievement towards the World Food Summit target of reducing the 1996 estimate of 841 million undernourished people by half (420 million) by 2015.

Objective 2.1: Develop and implement research, training, and technical assistance activities which promote development and adoption of policies that help meet world food security challenges as outlined in the 7 priority strategies in the U.S. Action Plan on Food Security.

Key Performance Goal

Reduce food insecurity 50% world wide by 2015:

Direct resources in support of agricultural related issues within the 7 priority strategies in the U.S. Action Plan on Food Security (\$Mil.)

Target: \$46.0

Actual: \$53.8

Contributions (in kind and direct financial by non-federal government sources) to total funds expended upon the 7 priority strategies in the U.S. Action Plan on Food Security.

Target: 9.0%

Actual: 9.6%

Number of research, training, and technical assistance activities that promote sustainable agriculture development worldwide and agribusiness and trade facilitation (e.g., nutrition, food aid coordination, SPS, food safety, and biotechnology) in emerging markets.

Target: 823

Actual: 967

Number of agricultural development and environment agreements negotiated, implemented or monitored.

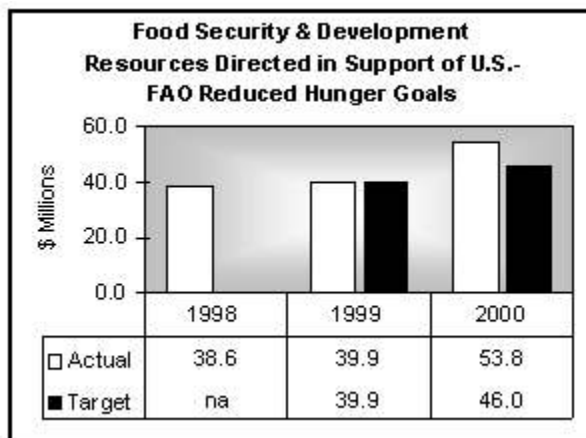
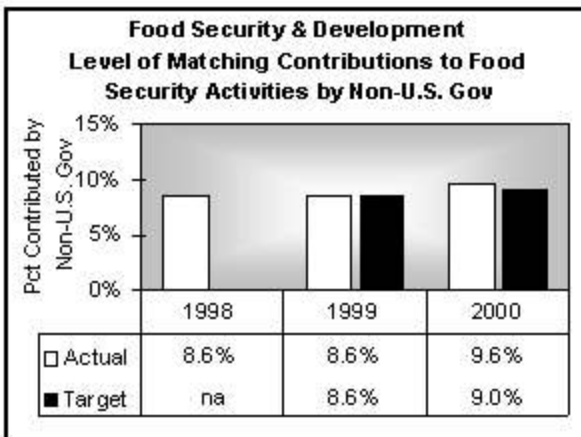
Target: 7

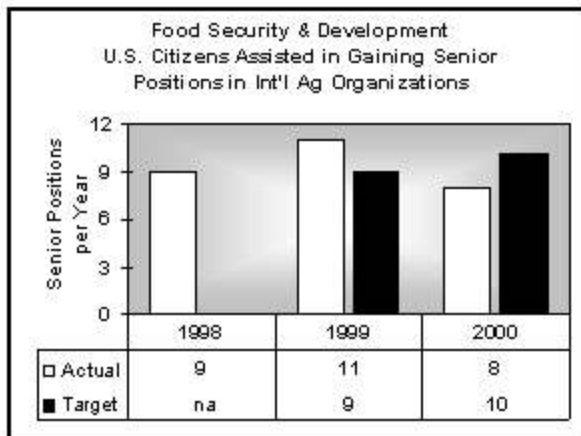
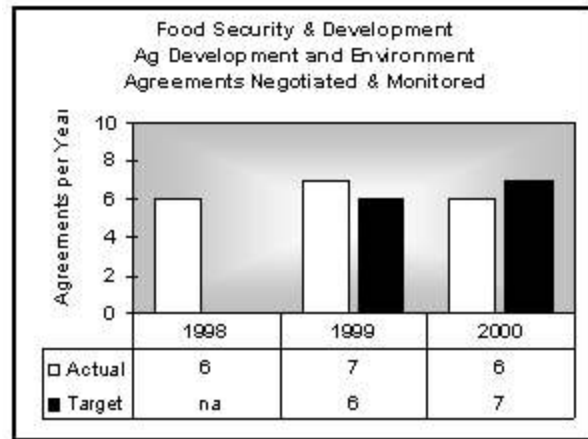
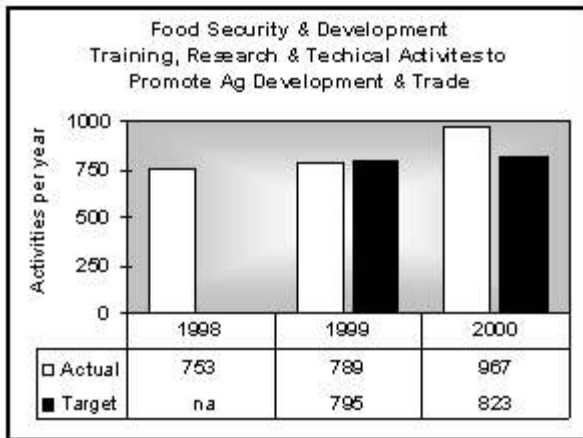
Actual: 6

Number of U.S. citizens assisted in obtaining senior management positions in international organizations representing agricultural interests.

Target: 10

Actual: 8





2000 Data: The quality and reliability of these performance indicators are high. The first and third indicators are provided by the FAS accounting system. The second, fourth and fifth indicators are tracked in internal ICD databases. The second indicator is also tracked by ICD staff, as ICD programs (Cochran, Scientific Exchanges) and Emerging Markets Office require in-kind contributions or private sector contributions.

Analysis of Results: While one of FAS' goals is to promote food security, it is generally acknowledged and accepted that reducing food insecurity in any country is a complex effort that involves economic,

political, social and cultural components. Much of the reduction of world food insecurity falls outside the U.S. Government's purview or span of authority. That being said, the *U.S. Action Plan on Food Security* specifically states that seven strategies will help promote food security worldwide. ICD successfully supported the seven Action Plan strategies by contributing technical assistance, training and research support to agriculturalists worldwide. ICD's work is geared toward educating agriculturalists from other countries about US food production, regulations, and policies, among others. The goal is to train international agriculturalists about US agricultural objectives and build like agricultural institutions' capacity to promote sustainable agriculture. ICD also promoted economic development in the agricultural sector to create an environment more conducive to trade. ICD also worked with small and disadvantaged businesses to educate them about export possibilities in non-traditional markets. ICD worked closely with the private sector to address specific concerns that they have about developing countries' infrastructure that is precluding US exporters from entering those markets. ICD promoted research of mutual interest to the US and other countries. This research addressed specific diseases and technical barriers to trade. Finally, ICD collaborated with other multilateral and international organizations to leverage funds on issues of mutual concern and to promote the U.S. agricultural agenda in the international arena.

Current Fiscal Year Performance: FAS is on track to meet its indicators for FY 2001.

Program Evaluations: During FY 2000 a program review and report was prepared on the progress towards the global goal and the activities of the United States under the *U.S. Action Plan on Food Security*. See publication U.S. National Progress Report on Implementation of the U.S. Action Plan on Food Security and the World Food Summit Commitments, 2000, Foreign Agricultural Service, USDA,

November 2000. The performance measure in the FAS annual performance plan reflects the broad nature of the many and varied activities in the US plan. In FY2001, the performance measure will be subdivided into the major activity strategies addressed by FAS. In summary, the implementation report for 2000 finds the world-wide food security goal is not obtainable by 2015 with the current United Nations estimated progress of 8 million people per year moving off the undernourished population statistics. A minimum of 20 million people each year is necessary. The report goes on to illustrate that the USDA is fulfilling its strategic activities under U.S. food security action plan, given the resources available.

Objective 2.2: Develop and administer food aid and other assistance programs to meet international food security challenges and U.S. Government commitments.

Key Performance Goals

U.S. agricultural exports supporting world food security:

Target: P.L. 480, Title I (\$Mil.) \$227.9

Actual: P.L. 480, Title I (\$Mil.) \$302.1

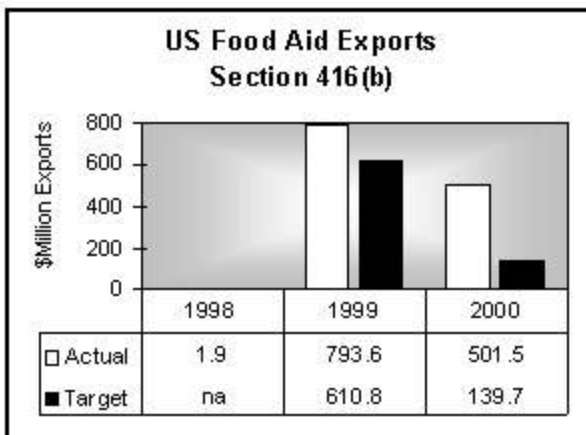
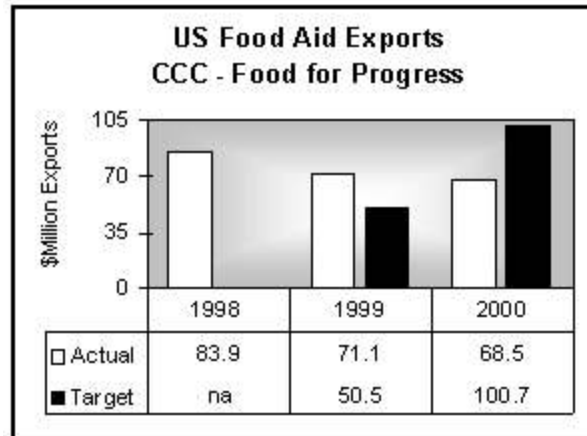
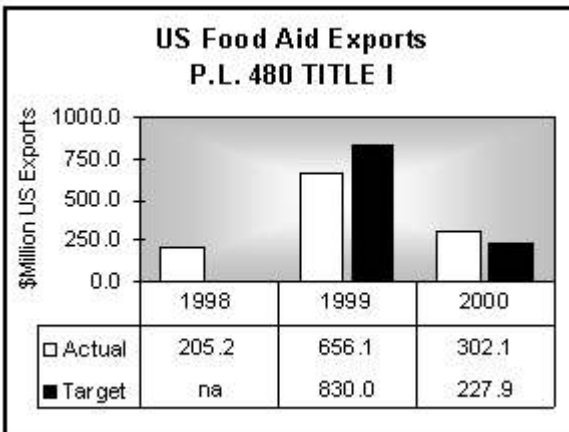
Target: CCC-funded Food for Progress (\$Mil.) \$100.7

Actual: CCC-funded Food for Progress (\$Mil.) \$68.5

Target: Section 416(b) (\$Mil.) \$139.7

Actual: Section 416(b) (\$Mil.) \$501.5

2000 Data: Data for these measures are highly reliable. Not only is the information captured in the official



program and financial database, this data is also audited as part of the Commodity Credit Corporation Annual Financial Statement audit. Data is final based upon program agreements signed and amended (as required) prior to the end of the fiscal year. Final shipment figures could vary marginally, but not more than by 1 percent. Data presented, unless otherwise noted, only represents commodity value and does not include the cost of shipment and administration. If those costs were included the overall value of the program would rise considerably.

Analysis of Results: Direct food assistance is a vital strategy in the U.S. Action Plan for Food

Security that prevents deteriorating conditions by feeding the hungry due to food shortages or damaging weather conditions, social or civil strife, or temporary needs associated with social or economic change. Food aid by the United States has been at an all-time high. In 1999, the USDA programmed nearly \$1.5 billion in food aid. In FY 2000, FAS programmed over \$800 million of U.S. commodities under the P.L. 480, Title I, CCC-Food for Progress, and Section 416(b) programs, far exceeding the combined annual performance targets for the three programs by \$333.8 million, or 70 percent more than expected. Even with this success, the CCC-Food for Progress target of \$100.7 million fell short, at \$68.5 million, due primarily to the statutory limit on funds available for the non-commodity costs of the Food for Progress program.

Current Fiscal Year Performance: To date, the Executive Branch has not established a program level for Section 416(b) for FY 2001. Initial planning for a possible program in FY 2001 has taken place which will allow for rapid implementation once a program is established. Additionally, FAS will be piloting a new initiative under the Section 416(b) program called the Global Food for Education Initiative. USDA will donate surplus U.S. agricultural commodities for use in school feeding and pre-school nutrition projects in developing countries. School feeding programs help assure that children attend and remain in school, improve childhood development and achievement, and thereby contribute to more self-reliant, productive societies. The initiative was announced by President Clinton on July 23, 2000, building on ideas promoted by Ambassador George McGovern and former Senator Bob Dole.

In the first year pilot program for FY 2001, USDA's Commodity Credit Corporation is committing \$300 million for U.S. commodities and transportation. Commodities will be donated under the authority of the Section 416(b) program. USDA-approved projects will be conducted through the UN World Food Program, private voluntary organizations, and eligible foreign governments.

Program Evaluations: No evaluations were completed in FY 2000.

Management Initiative 1: Provide fair and equal treatment in agency employment and the delivery of FAS programs

Implement Civil Rights Implementation Team's Recommendations:

Administer Civil Rights Program Delivery Plan focused on increasing the involvement of minority organizations and universities

Target: 75%

Actual: 75%

Implement Conflict Management Policy and Procedures and Train All Managers (CRIT 3.3)

Target: 100%

Actual: 87%

Develop Agency Workforce Plans and Implement Human Resources Evaluation Program, Worklife Survey, and Exit Interviews (CRIT 3.5)

Target: 80%

Actual: 100%

Implement Competency-Based Management Training and Complete Peer Surveys (CRIT 3.6)

Target: 50%

Actual: 0%

Provide Civil Rights Training to All Employees (CRIT 4.1)

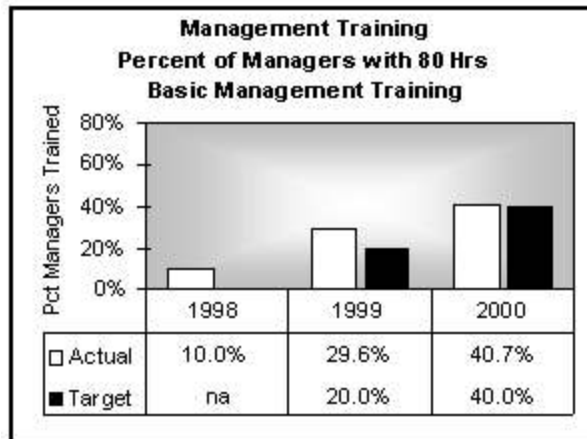
Target: 100%

Actual: 10%

Percent of managers who have had 80 or more hours of management/leadership training (FAS Goal is that 90% of managers have had 80 or more hours of Management/Leadership training by 2007).

Target: 40.0%

Actual: 40.7%



2000 Data: Data regarding the participation of institutions of higher education is very reliable. Records are available to document grants, projects and partnerships. Institutions can be identified as Historically Black Colleges or Universities, Hispanic Serving or Native American.

A database is being developed to track small business participation and mailing list for our AgExport Trade Show Program, direct assistance programs. Racial/ethnic designation of businesses are defined by employees through observation. Approval for data collection has not been requested. Data is not available for the Market Access Program, Foreign Market Development or Emerging Market Programs since agreements are generally

established at the organizations or entity level and have industry wide impact. Data is somewhat reliable. As we continue in the development process of baseline data, we anticipate that data will increase in availability and reliability.

Employment data with regard to race, ethnicity, gender and disability is obtained through the use of the National Finance Center database personnel payroll system. Our experience has shown that the data has a high level of reliability. Data is collected onsite during Civil Rights Training Sessions and as managers participate in basic competency training. The data are considered very reliable.

Analysis of Results: Data and success stories were critical to the determination of the level of accomplishment. Since we are in the process of establishing baseline data with regard to program accomplishments, we relied more heavily on success stories than actual references to data. Since we do not have the approval to collect data specific to minority, women and small businesses by form, we will continue to rely upon observation by staff. In this regard, FAS believes that it did meet the essence of this performance goal. While FAS did not meet the Performance Indicator target to implement a competency-based management training and peer review surveys for its supervisors, it does not significantly alter this assessment. This performance measure will be dropped for FY 2001 because competency-based training is already being accomplished under the performance measure for management/leadership training. FAS has implemented a yearly computer-based survey of current management skills and needs under the competency-based concepts and this data is utilized to select the mandatory basic training for managers.

Conflict Management Training, including policies and procedures, fell slightly short of 100 percent of all managers trained (at 87 percent) due to employee turnover and a heavy foreign travel schedule. Annual Civil Rights training for all employees fell short of the planned target for FY 2000 due to delayed training material. The new computer-based course was not delivered by the private contractor until August 2000 and only 9.4 percent of employees were able to complete the training within the final 30 days of FY 2000. Training is continuing and by March 1, 2001, over 90 percent of employees have completed the training.

Accomplishments with regard to total number of employees trained were heavily dependent upon participation data. Additionally, increases in the representation of minorities and women were defined by subtracting previous years total employment from current year's total employment.

Description of Actions and Schedules: Due to budget and staff constraints, FAS was not able to implement a peer review survey for managers. FAS concentrated its limited training funds on sending managers to basic management training designed to address the competency-based concepts and management skills. The peer review survey is a time consuming and costly undertaking which FAS plans to conduct periodically, once every 3-4 years, as the budget and resources allow. This performance measure will appear in a future annual performance plan for which it can be budgeted.

Current Fiscal Year Performance: Implementation of activities for Fiscal Year 2000 will serve as a foundation and resource for continued improvement and documentation of activities focused upon improving the impact of our programs on minorities, women and persons with disabilities. Civil Rights Impact analyses will be conducted on all rules, regulations or notices to determine the opportunity to improve services to minorities and women.

Program Evaluations: No evaluations were conducted in FY 2000.